

**COMMUNITY DEVELOPMENT ADMINISTRATION
SINGLE FAMILY PROGRAM BONDS**

**Unaudited Interim Financial Statements
For the nine month period ended
March 31, 2003**

Community Development Administration
Single Family Program Bonds

Balance Sheet

March 31, 2003
(in thousands)
(Unaudited)

Restricted assets

Restricted current assets:

| | |
|--|------------|
| Cash on deposit with trustee | \$ 112,296 |
| Investments | 10,308 |
| Single family mortgage loans | 17,641 |
| Accrued interest and other receivables | 17,257 |
| Due from other Funds | 410 |

| | |
|--|---------|
| Total restricted current assets | 157,912 |
|--|---------|

Restricted long-term assets:

| | |
|--|---------|
| Investments, net of current portion | 264,598 |
| Single family mortgage loans, net of current portion | 597,900 |
| Deferred bond issuance costs | 6,261 |

| | |
|--|---------|
| Total restricted long-term assets | 868,759 |
|--|---------|

| | |
|--------------------------------|--------------|
| Total restricted assets | \$ 1,026,671 |
|--------------------------------|--------------|

Liabilities and net assets

Current liabilities:

| | |
|--------------------------|-----------|
| Accrued interest payable | \$ 22,931 |
| Accounts payable | 2 |
| Rebate liability | 2,424 |
| Bonds payable | 69,945 |

| | |
|----------------------------------|--------|
| Total current liabilities | 95,302 |
|----------------------------------|--------|

Long-term liabilities:

| | |
|--|---------|
| Rebate liability, net of current portion | 22,018 |
| Bonds payable, net of current portion | 755,323 |

| | |
|------------------------------------|---------|
| Total long-term liabilities | 777,341 |
|------------------------------------|---------|

| | |
|--------------------------|---------|
| Total liabilities | 872,643 |
|--------------------------|---------|

Net assets:

| | |
|------------|---------|
| Restricted | 154,028 |
|------------|---------|

| | |
|-------------------------|---------|
| Total net assets | 154,028 |
|-------------------------|---------|

| | |
|---|--------------|
| Total liabilities and net assets | \$ 1,026,671 |
|---|--------------|

See accompanying notes.

Community Development Administration
Single Family Program Bonds

Statement of Revenues, Expenses and Changes in Net Assets

For the Period Ended March 31, 2003

(in thousands)

(Unaudited)

Operating revenues

| | |
|----------------------------|---------------|
| Interest on mortgage loans | \$ 36,645 |
| Fee income | 851 |
| | <u>37,496</u> |

Operating expenses

| | |
|---|---------------|
| Trustee, legal and mortgage servicing costs | 2,553 |
| Loss on foreclosure claims | 174 |
| | <u>2,727</u> |
| Operating income | <u>34,769</u> |

Nonoperating revenues (expenses)

| | |
|--|-----------------|
| Interest income, net of rebate | 13,608 |
| Interest expense on bonds | (36,364) |
| Amortization of bond issuance costs | (625) |
| Increase in fair value of investments, net of rebate | 6,741 |
| | <u>(16,640)</u> |

**Transfers of funds, net, as permitted by the
various bond indentures**

(189)

Change in net assets before extraordinary item 17,940

Extraordinary loss on early retirement of debt (1,137)

Change in net assets \$ 16,803

Changes in net assets

| | |
|-----------------------------------|-------------------|
| Net assets at beginning of period | \$ 137,225 |
| Change in net assets | 16,803 |
| Net assets at end of period | <u>\$ 154,028</u> |

See accompanying notes.

Community Development Administration
Single Family Program Bonds

Statement of Cash Flows

For the Period Ended March 31, 2003

(in thousands)

(Unaudited)

Operating activities

| | |
|---|----------------|
| Principal and interest received on mortgage loans | \$ 158,988 |
| Mortgage insurance claims received | 7,844 |
| Foreclosure expenses paid | (1,258) |
| Trustee, legal and mortgage servicing costs | (2,553) |
| Reimbursements among Funds | (108) |
| Net cash from operating activities | <u>162,913</u> |

Investing activities

| | |
|--|---------------|
| Proceeds from maturities or sales of investments | 166,420 |
| Purchases of investments | (160,511) |
| Arbitrage rebates paid | (964) |
| Interest received on investments | 15,292 |
| Net cash from investing activities | <u>20,237</u> |

Noncapital financing activities

| | |
|---|------------------|
| Payments on bond principal | (85,820) |
| Interest on bonds | (26,673) |
| Transfers among Funds | (189) |
| Net cash from noncapital financing activities | <u>(112,682)</u> |

| | |
|--|--------|
| Net increase in cash on deposit with trustee | 70,468 |
|--|--------|

| | |
|---|--------------------------|
| Cash on deposit with trustee at beginning of period | <u>41,828</u> |
| Cash on deposit with trustee at end of period | <u><u>\$ 112,296</u></u> |

Community Development Administration
Single Family Program Bonds

Statement of Cash Flows

For the Period Ended March 31, 2003

(in thousands)

(Unaudited)

Reconciliation of operating income to net cash from operating activities

| | |
|---|-------------------|
| Operating income | \$ 34,769 |
| Adjustments to reconcile operating income to net cash from operating activities: | |
| Decrease in mortgage loans | 128,081 |
| Decrease in accrued interest and other receivables | 171 |
| Increase in due from other Funds | (105) |
| Decrease in due to other Funds | (3) |
| Net cash from operating activities | <u>\$ 162,913</u> |

Noncash investing and noncapital financing activities

| | |
|--|---------|
| Amortization of investment discounts and premiums | \$ 175 |
| Amortization of bond original issue discounts and premiums | (10) |
| Increase in fair value of investments, net of rebate | (6,741) |
| Amortization of deferred bond issuance costs | 625 |
| Loss on early retirement of debt | 1,137 |

See accompanying notes.

Community Development Administration
Single Family Program Bonds
Notes to Unaudited Interim Financial Statements

March 31, 2003
(in thousands)

1. Basis of presentation:

In the opinion of management, the accompanying interim financial statements of the Community Development Administration (CDA) Single Family Program Bonds present fairly the financial position at March 31, 2003 and the results of its operations for the nine months ended March 31, 2003. These interim financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations. The March 31, 2003 financial statements are unaudited, and certain information and footnote disclosures normally included in the annual financial statements have been omitted. Readers of these statements should refer to the financial statements and notes thereto as of June 30, 2002 and for the year then ended, which have been included elsewhere in this disclosure. The results of operations presented in the accompanying financial statements are not necessarily representative of operations for the entire year.

2. Investments:

In accordance with GASB 31, CDA reflects investments at fair value. As of March 31, 2003, the fair value of the investments was \$274,906 of which \$223,506 was the cost of these investments and \$51,400 was the cumulative increase in fair value. The increase in fair value of investments for the period ending March 31, 2003 was \$14,993. The increase was reduced by \$8,252 of estimated rebate liability due to unrealized investment gains.

3. Mortgage loans:

During the nine months ended March 31, 2003, there was no loan purchasing activity.

4. Redemption of bonds and extraordinary item:

On October 1, 2002, and January 21, 2003, CDA redeemed, prior to maturity, \$51,295 and \$34,525, respectively, of Single Family Program Bonds. An extraordinary loss of \$691 and \$446, respectively, was incurred on the redemptions.

5. Subsequent events:

On April 18, 2003, CDA redeemed, prior to maturity, \$40,270 of Single Family Program Bonds.